

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
July 16, 2002
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on July 16, 2002 in the Auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: Chairman Gregory Jones and Members Ira Rogal, Elzie Higginbottom, Tobias Barry, and Violet Clark.

Chairman Jones convened the July 16, 2002 Regular Meeting at 9:33 A.M. in the 3rd floor Board Conference Room. Member Higginbottom moved that **pursuant to Section 2(c), paragraphs (1), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees;**
- 3. Personnel matters; and**
- 4. Closed session minutes.**

Member Barry seconded the motion. The Board adopted the motion by unanimous consent and retired to closed session.

The Board convened its Open Session at 2:00 P.M.

Chairman's Report

Chairman Jones announced that the items listed on the agenda pertaining to the Emerald Casino, Inc. settlement would not be discussed at today's (July 16, 2002) meeting.

Public Commentary

Rev. Tom Grey, Executive Director, National Coalition Against Legalized Gambling, was present to discuss the moral issues of gambling and gambling as a dangerous product. Mr. Grey stated that the Board could prevent some of the effects that gambling has on people. Mr. Grey asked that the Board apply the same amount of consideration to the pain that the product brings as the Board has done to making the product profitable. Mr. Grey stated that to do less is to not serve the citizens of the State of Illinois. Mr. Grey provided the Board with a handout that provided figures reflecting Grand Victoria Casino's profit, which was based on the amount of money Grand Victoria gave to Kane County and to the Grand Victoria Foundation. Mr. Grey asked that the Board provide the legislature with input regarding the Riverboat Gambling Act and the Board Rules so that the legislature could make informed decisions based on what the Act and Rules truly provide. Mr. Grey stated that based on the calculated profits on the hand out that Mr. Grey provided to the Board, if the casinos come before the Board complaining of increased taxes, and requesting more gaming positions, the Board should "milk" the owners just like the owners do the gamblers in the State of Illinois.

Jack Roeser, President, Family Taxpayers Network, was present to discuss the Board's responsibility for disclosing information regarding the casino industry. Mr. Roeser read a prepared statement to the Board regarding the Board's refusal to disclose information regarding the casino industry. The statement read that the citizens of Illinois have witnessed a Board that has refused to disclose information about the casino industry in this State that, by law, they are required to disclose. The statement read that the present nine casinos have been allowed to operate without public disclosure of their finances. The statement read that there has been neither public disclosure nor public audit. The statement read that the Board has allowed these casinos to profit from a State-conferred monopoly far beyond any normal profit. The statement read that the Illinois Gaming Board, a five-member panel of George Ryan appointees, has conducted its affairs in such a manner as to warrant investigation by the United States District Attorney or the Illinois Attorney General. The statement read that as it stands today, this Board is failing to protect the people of Illinois from the pernicious influence of powerful gambling interests. The statement read that the Attorney General must intervene, stop this settlement (the Emerald Casino Settlement), and proceed with a full-blown investigation of the Illinois Gaming Board.

Anita Bedell, Executive Director, Illinois Church Action on Alcohol & Addiction Problems, was present to discuss Casino Rock Island and its request to relocate its site. Ms. Bedell provided the Board with background information regarding Casino Rock Island's previous attempt to relocate its site. Ms. Bedell stated that in 1999, legislators from Rock Island pleaded with their colleagues on the House and Senate floor to pass SB 1017, which included dockside gambling. Ms. Bedell stated that a few months after SB 1017 was signed into law, Casino Rock Island requested a site relocation off of the Mississippi River. Ms. Bedell stated that the Illinois Gaming Board asked the Attorney General for an opinion prior to voting on the matter. Ms. Bedell stated that on May 30, 2001, the Attorney General issued an opinion stating that the Illinois Gaming Board does not have the authority to permit the relocation of a riverboat within a community. Ms. Bedell stated that the Board voted to adopt the Attorney General's opinion and rejected Casino Rock Island's relocation proposal. Ms. Bedell stated that the Illinois Church Action on Alcohol & Addiction Problems (ILCAAAP) and individuals throughout the State asked Governor Ryan to amendatorily veto the riverboat gambling language out of the budget implementation bill; however, the Governor signed House Bill 5686 into law on June 28, 2002. Ms. Bedell stated that Bill 5686 might violate the single subject legislation, and therefore, make Bill 5686 unconstitutional. Ms. Bedell stated that while HB 5686 stated where riverboats were allowed to locate, it did not explicitly authorize any boat to move to a new port or location. Ms. Bedell stated that the wording in the Riverboat Gambling Act still states that "three licenses shall be on the Mississippi River." Ms. Bedell stated that the Attorney General's opinion in May, 2001 stated "Even assuming, for purposes of discussion, that the Board could permit the Casino Rock Island to relocate its dock from one riverfront site within the City of Rock Island to another, the relocation of the riverboat to an artificially created basin, which is physically separated from the Mississippi River would not be consistent with the statutory requirement that the boat operate on the Mississippi River." Ms. Bedell asked that the Board abide by the Attorney General's opinion and reject Casino Rock Island's request to relocate.

Owner Licensee Items

CASINO ROCK ISLAND – SITE RELOCATION – Donna More, Attorney, and Ron Wicks, President, were present on behalf of Casino Rock Island seeking initial consideration of a request to relocate Casino Rock Island's gaming operation. Ms. More stated that she was before the Board last year on behalf of Casino Rock Island, and she happens to disagree with the Attorney General's opinion. Ms. More stated that she believes that the Board had the authority to grant the request to relocate last year. Ms. More stated that Casino Rock Island is seeking initial consideration to relocate its gaming operation approximately three miles away from its current site. Ms. More stated that Casino Rock Island is asking the Board to consider this request now due to the recent amendments to the Riverboat Gambling Act, specifically section 7(e), which now permits a gaming operation to be located within five miles of the municipality that borders on the Mississippi River and that currently has an operating riverboat casino. Ms. More stated that given the wording of the legislation, Casino Rock Island meets the requirements of the Act as it now reads. Ms. More stated that Casino Rock Island is seeking initial consideration and hopefully approval for the site because there

are site improvements that Casino Rock Island would like to make on the site before it begins construction, which would include obtaining all of the necessary permits and submitting it to the Board for its review and approval. Ms. More stated that during the time of the site improvement, Casino Rock Island anticipates to be back before the Board for specific project approval.

Ron Wicks provided the Board with a slide presentation that included an aerial view of the current location, a map of location proximity, an aerial view of the proposed location, traffic counts and site facts.

Member Higginbottom asked what negative impact the relocation would have on the downtown Rock Island area since Casino Rock Island was the catalyst for the re-development of the area. Mr. Wicks stated that Casino Rock Island has asked Rock Island and the members of the district about negative impacts, and they believe that because the downtown area has been “alive” for ten years, that downtown could self-sustain. Mr. Wicks stated that the relocation would help expand the downtown area of Rock Island due to the fact that Casino Rock Island is giving up some of the riverfront property that is very valuable. Ms. More stated that the city is very supportive of the relocation because it would allow room for development in the city’s southwest area.

Chairman Jones asked if the proposed location is in an unincorporated area and if annexation would be necessary. Mr. Wicks stated that the casino is seeking annexation with the City of Rock Island. Mr. Wicks stated that the city indicated that they would approve the annexation as well as the proper zoning that is required. Chairman Jones asked what the time frame would be for that process. Mr. Wicks stated that an annexation process is currently taking place from the current owners to move to another location, which is adjoining the proposed site. Mr. Wicks stated that the annexation process is already in the works and estimated that the process would take 60 to 90 days. Ms. More stated that she would find out a more accurate timetable for the annexation process and provide it to staff and the Board.

Chairman Jones stated that staff has received correspondences regarding the proposed new site. Chairman Jones stated that various individuals have expressed environmental concerns, and he asked if there are wetlands at the proposed site. Chairman Jones asked if anything has been done to address environmental issues. Mr. Wicks stated that Casino Rock Island has hired an engineering firm to perform an environmental impact study. Mr. Wicks referred back to the slide presentation and pointed out that the wetlands adjoin the proposed site; however, it is separate from Casino Rock Island’s property.

Chairman Jones asked for the timeframe for the environmental impact study. Chairman Jones stated that one of the reactions of the Board to Casino Rock Island’s request is that it is premature in light of the things that need to take place before the relocation, such as the annexation, environmental impact study and other preparations. Ms. More stated that she would submit information to Staff regarding the timeframe for the environmental impact study.

Chairman Jones questioned the constitutionality of the relocation and asked if legislation authorizes the casino to relocate. Ms. More stated that she would submit something to Staff regarding the constitutionality of the legislation.

Member Higginbottom asked what the average driving time was from the existing location to the proposed location. Mr. Wicks stated that it was approximately three to five minutes. Mr. Wicks stated that the speed limit along the route is a 65mph, except for the interchange located near the proposed site, which is 55mph. Member Higginbottom asked if many of Casino Rock Island's customers utilize the downtown facilities, such as restaurants and other retail establishments that have been open over the last ten years. Mr. Wicks stated that Casino Rock Island promotes the use of downtown facilities and will continue to do so. Mr. Wicks stated that many of the restaurants accept Casino Rock Island's redemption cards or Player's-Club points, for services.

Chairman Jones asked if there was any concern from the downtown merchants that the relocation would hurt their business. Mr. Wicks stated that the downtown area is very vibrant on its own. Mr. Wicks stated that he has not heard anything from the merchants objecting to the relocation.

Member Rogal questioned the amount of money that the relocation would cost. Mr. Wicks stated that the total cost would be approximately \$3 million dollars. Member Rogal asked Mark Ostrowski, Deputy Chief Legal Counsel, and Jeannette Tamayo, Chief Legal Counsel, if Casino Rock Island would need approval from the Board to spend that amount of money. Mr. Ostrowski stated that Casino Rock Island would need approval from the Board to spend that amount of money. Ms. Tamayo stated that any material changes may require either prior notice or prior approval by the Board. Ms. Tamayo stated that Casino Rock Island's request certainly constitutes a material change.

Member Rogal asked what was the timeframe on site development verses the timeframe on going ahead with the construction. Mr. Wicks stated that Casino Rock Island's preliminary thoughts are to have the site ready for site development by the end of the year. Mr. Wicks stated that Casino Rock Island anticipates a groundbreaking for the development by the first of the year, depending on the weather and approval of finances. Ms. More stated that Casino Rock Island would submit the necessary documents over the course of the next two months, and once Casino Rock Island gained site approval, it would be back before the Board at the end of the year, or at the January 2003 Regular Board meeting, to request project approval. Ms. More stated that as the project progresses, Casino Rock Island would be back a number of different times to update the Board on the project.

Member Rogal asked how many additional jobs are expected as a result of this project. Mr. Wicks stated that approximately 250 jobs would be created. Member Rogal asked what would the cost be for the construction. Mr. Wicks stated that phase one of the construction would cost \$60 million dollars and phase two would cost \$20 million dollars. Mr. Wicks stated that phase two would be a hotel. Member Rogal asked what additional taxes are

expected to be generated for the State and Rock Island. Mr. Wicks stated that he believes that Casino Rock Island projected \$17 million dollars in taxes per year.

Member Clark asked Mr. Wicks about a particular building located near the site. Specifically, Member Clark asked what the building's current use was. Mr. Wicks stated that the building in question is a nursing home and healthcare facility.

Administrator Parenti asked if Casino Rock Island's taxes were \$3 million last year. Mr. Wicks stated that they were. Member Higginbottom asked why Casino Rock Island feels that it would have such a significant increase in taxes. Mr. Wicks stated that Casino Rock Island feels that it would have a better product to offer. Mr. Wicks stated that Casino Rock Island's current product is antiquated by today's standards.

Administrator Parenti asked that Ms. More submit information to Staff regarding the constitutionality of House Bill 5686. Ms. More stated that she would provide the information.

EMPRESS CASINO, JOLIET – LICENSE RENEWAL – James Butler, General Counsel of Argosy Gaming Company, was present on behalf of Empress Casino, Joliet, to request approval for its license renewal. Mr. Butler stated that Empress was present before the Board last month during the Regular Board meeting and made a formal presentation. Mr. Butler stated that during the past month Empress has met with members of the Staff and has answered all of Staff's questions. Mr. Butler stated that at last month's (June) meeting, Member Rogal asked Empress if they would provide information to the Board that reflects how Empress determined that their \$75 million dollar proposed barge project no longer made economic sense. Dale Black, Chief Financial Officer, was present and provided the Board with a presentation that demonstrated how Empress arrived at their decision that the \$75 million dollar project no longer made economic sense. Member Rogal stated that he requested Empress to submit material to the Board in advance, so the Board could review the material and compare it to other information. Member Rogal stated that because he did not have an opportunity to look at the figures prior to the meeting and compare them to the information that the Board has, he would abstain from the vote. Mr. Black stated that Empress had provided some of the information ahead of time to Staff and had worked with Staff to be prepared for the presentation.

Based on a review of the staff's investigation and recommendation, Member Higginbottom moved that **the Board approve the Owner's License of the Empress Casino Joliet Corporation for a term of 4 years expiring in July 2006.**

Based on the staff's investigation and recommendation, Member Higginbottom further moved **that the Board certify the following entity, positions and persons as Key Persons of the Empress Casino Joliet Corporation:**

- 1. Argosy Gaming Company;**
- 2. President and Chief Executive Officer;**

3. Vice President of Internal Audit;
4. Regional VP, Operations North;
5. William F. Cellini;
6. Craig D. Robinson;
7. James B. Perry;
8. James A. Gulbrandsen; and
9. Brenda Bauer.

Member Barry seconded the motion. The Board approved the motion unanimously by voice vote. Member Rogal abstained.

GRAND VICTORIA CASINO – RANDALL C. ROBERTS, GENERAL MANAGER –
LEVEL ONE – Randall C. Roberts was present to request approval as an Occupational Licensee, Level One.

Based on a review of the staff's investigation and recommendation, Member Clark moved that **the Board approve Randall C. Roberts as a Level 1 Occupational Licensee of Elgin Riverboat Resort d/b/a Grand Victoria Casino.** Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

EMERALD CASINO, INC. – PROPOSED CREDIT AGREEMENT – Barry Montgomery, Attorney, was present on behalf of Emerald Casino, Inc. to request approval for Emerald's proposed credit agreement. Administrator Parenti noted that Rosemont, as a debtor, has sought to place Emerald in an involuntary bankruptcy. Administrator Parenti stated that staff recommends approval of the proposed credit agreement.

Based on the staff's review and recommendation, Member Rogal moved that **the Board approve Emerald Casino, Inc.'s proposed unassignable \$5 million Credit Agreement between Emerald Casino, Inc. and Donald F. Flynn and to be repaid at 5.75 % within three years.** Member Rogal further moved that **the Board delegate to the Administrator, under Board Rule 3000.230(d)(2), final approval of the transaction upon execution of the appropriate documents.** Member Barry seconded the motion. The Board approved the motion unanimously by voice vote

Occupational Licensees

Based on staff's investigation and recommendation, Member Clark moved that **the Board approve 38 applications for an Occupational License Level 2 and 96 applications for an Occupational License Level 3.** Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

Board Member Comments

Administrator Parenti announced that the August 13, 2002 Regular Board meeting would be canceled and that the September 10, 2002 Regular Board meeting would be re-scheduled to September 4, 2002.

Administrator Parenti stated that all of the items on the agenda pertaining to Emerald that were not discussed have been tabled.

Chairman Jones stated that if there is any action on Emerald it would be by a Special meeting.

At 3:00 P.M., Member Higginbottom moved that **Pursuant to Section 2 (c), paragraph (11) and (14) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, the Board retire to Closed Session to discuss the following subject matters:**

- 1. Litigation involving Emerald Casino, Inc.;**
- 2. Pending litigation and matters involving probable litigation; and**
- 3. Investigations concerning applicants and licensees.**

Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

At 5:30 P.M. Member Rogal made a motion to reconvene into Open Session. Member Barry second the motion. The Board approved the motion unanimously by voice vote.

The Board adjourned at 5:32 P.M.

Respectfully submitted,
Monica Thomas

Secretary to the Board